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Chairman: Mr. Olhaye ..... (Djibouti)

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The meeting was called to order at 11 a.m.

Agenda item 12: Report of the Economic and Social Council (*continued*) (A/C.2/54/L.31)

Draft decision on the report of the Economic and Social Council (A/C.2/54/L.31)

1. **Mr. Talbot** (Guyana), introducing the draft decision on behalf of the Group of 77 and China, said that it was intended to facilitate full consideration of the report of the Committee on Energy and Natural Resources for Development (E/1999/32) insofar as it related to proposals on water, land use and integrated planning of land and mineral resources. The Group of 77 and China would have preferred for the Commission on Sustainable Development to consider the report prior to its submission to the Economic and Social Council; however, since the Council had already adopted a decision in that regard (1999/277), it was important for the Commission to bear that decision in mind in formulating its own recommendation to the General Assembly.

Agenda item 98: Sectoral policy questions (*continued*) (A/C.2/54/L.27)

(a) Industrial development cooperation (*continued*)

Draft resolution on the Second Industrial Development Decade for Africa (A/C.2/54/L.27)

2. **Mr. Talbot** (Guyana), introducing the draft resolution on behalf of the Group of 77 and China said that it reaffirmed the need for African countries that had not yet done so to integrate the objectives of the Alliance for Africa's Industrialization into their national plans and institutional capacities, called on the international community to support implementation of the programme for the Second Industrial Development Decade for Africa and the Plan of Action of the Alliance for Africa's Industrialization, invited donors to support African countries' efforts to expand industrial cooperation and called on the United Nations Industrial Development Organization to strengthen its relationship with the World Trade Organization and other relevant multilateral institutions for the provision of technical assistance to African countries.

Agenda item 100: Environment and sustainable development (*continued*) (A/C.2/54/L.28 and L.29)

(b) International Decade for Natural Disaster Reduction (*continued*)

Draft resolution on the International Decade for Natural Disaster Reduction: successor arrangements (A/C.2/54/L.28)

3. **Ms. Critchlow** (Guyana), introducing the draft resolution on behalf of the Group of 77 and China, drew particular attention to paragraphs 4 and 6, adding that since natural disasters had a negative impact on development efforts, she hoped that the international community would support the developing countries in their efforts to develop adequate early warning systems.

Draft resolution on international cooperation to reduce the impact of the El Niño phenomenon (A/C.2.54/L.29)

4. **Ms. Critchlow** (Guyana), introducing the draft resolution on behalf of the Group of 77 and China, said since the El Niño phenomenon was expected to recur within five years, prompt action was needed in order to reduce its impact on development efforts. The draft therefore requested the Secretary-General to take all necessary measures for the establishment of the international research centre on El Niño at Guayaquil, Ecuador, and called on the international community to provide financial, technical and scientific assistance and cooperation for that purpose. The countries members of the Group of 77 and China were taking proactive measures to address the problems associated with El Niño and urged the international community to do the same.

Agenda item 102: Training and research (*continued*) (A/C.2/54/L.30)

Draft resolution on the United Nations Institute for Training and Research (A/C.2/54/L.30)

5. **Mr. Talbot** (Guyana), introducing the draft resolution on behalf of the Group of 77 and China, said that there was general satisfaction with the work of the United Nations Institute for Training and Research (UNITAR) and drew attention to paragraphs 8 and 10.

Agenda item 103: Permanent sovereignty of the Palestinian people in the occupied Palestinian territory, including Jerusalem, and of the Arab population in the occupied Syrian Golan over their natural resources (*continued*) (A/C.2/54/L.32)

Draft resolution A/C.2/54/L.32

6. **Mr. Fahmy** (Egypt) introduced the draft resolution on behalf of the sponsors listed in the document and Tunisia. The United States of America had mistakenly been included among the sponsors.

Agenda item 97: Macroeconomic policy questions (*continued*)

(c) **Trade and development** (A/54/15 and Parts I-V, A/54/94-S/1999/518, A/54/304, A/54/392, A/54/486, A/54/529)

7. **Mr. Horn** (Department of Economic and Social Affairs), introducing the report of the Secretary-General on unilateral economic measures as a means of political and economic coercion against developing countries (A/54/486), said that the Secretary-General had written to Governments asking them for their views or any other relevant information on the issue. As at 15 October 1999, replies had been received from 15 States; they were summarized in chapter II. Chapter III contained a review of the most recent actions taken by the General Assembly, the Commission on Human Rights and the Committee on Economic, Social and Cultural Rights, while chapter IV contained a summary of the main findings. The ad hoc expert group meeting convened to consider *inter alia* the impact of coercive economic measures on the affected countries.

8. The group had noted that unilateral coercive economic measures were often counter-productive and gave rise to serious humanitarian and ethical concerns. In particular, the group had expressed concern about the adverse effects of such measures on developing countries and on the structure of international relations, and had concluded that their use should be strongly discouraged (A/54/486, para. 47).

9. As a more rational alternative, it had stressed the importance of international cooperation, including bilateral and multilateral negotiations on contentious issues, engagement strategies and positive economic measures that involved adequate incentives and reward systems and had agreed that in many cases involving developing countries, more fruitful results could be achieved by providing additional financial and technical assistance and trade preferences to the recipient State rather than by subjecting it to coercive economic measures (A/54/486, para. 58).

10. Lastly, the group had recommended that continued discussion of the matter should be supported by enhancing the monitoring and analytical capacity of the United Nations Secretariat.

11. **Mr. Insanally** (Guyana), speaking on behalf of the Group of 77 and China, said that the report of the Secretary-General on international trade and development (A/54/304) addressed a range of issues relevant to the concerns of the developing countries; *inter alia*, it highlighted the need for substantial improvements in market access for goods and services exported by the developing countries. That would require the removal or reduction of tariffs imposed by the developed countries on a range of agriculture and industrial products. The issue of tariff escalation based on the imposition of a higher tariff on intermediate and final products, compared to primary commodity exports, would also need to be addressed.

12. Given the imbalanced impact of globalization and specific aspects of a number of the agreements that had been concluded in the context of the Uruguay Round, many developing countries continued to have a vital stake in a revision of the impact of the Uruguay Round agreements. In dealing with the current challenges posed by trade liberalization, the positive trade agenda of UNCTAD, which served to link trade agreements to development priorities and concerns in extremely relevant issues, was focused on such goals as the reduction of tariffs and the removal of domestic export subsidies. That observation was particularly pertinent, since there was an increasing tendency to expand the negotiating domain of WTO to introduce issues that could be more appropriately dealt with in development-oriented organizations such as UNCTAD.

13. In seeking to advance the trade agenda of developing countries, the special circumstances faced by landlocked developing countries should be borne in mind. In that regard, he appealed to the international community to give special attention and support to the developing problems and needs of landlocked developing countries in order to enable them to participate effectively in the rapidly globalizing world economy. The Group of 77 and China welcomed the agreed conclusions and recommendations of the fourth Meeting of Governmental Experts from Landlocked and Transit Developing Countries and Representatives of Donor Countries and Financial and Development Institutions and urged their full implementation.

14. The emphasis on the need for increasing complementarity and cohesion between trade policy and wider considerations relating to financial stability and employment generation was particularly welcome. While the

Secretary-General's report covered a number of important issues, the analysis could have gone much further in highlighting the weaknesses of some of the assumptions underlying market fundamentalism, since there was a growing consensus that some of the current approaches to trade liberalization had had a negative impact on a number of developing countries. The reality was that the concentration of trade negotiations within WTO had tended to introduce a preoccupation with international trade rules and their enforcement, instead of a concern about their impact on development. That reflected a significant change from the situation that had existed prior to the Uruguay Round of unilateral trade negotiations. Those considerations notwithstanding, the report had raised a number of extremely relevant issues and provided a useful basis for discussion.

15. **Mr. Wyatt** (Observer for the European Community), speaking on behalf of the European Union, the associated countries Bulgaria, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia and Slovenia, said during the financial disturbances of 1997-1998 markets had generally remained open and protectionist pressures had been resisted both in the countries most directly affected by the financial crisis and in their principal trading partners. That fact clearly underlined the value of a trading system based on non-discriminatory rules, agreed by all its members. The European Community had spearheaded efforts to launch a millennium round of trade negotiations at the third Ministerial Meeting of WTO because it believed that a single and comprehensive round involving a broad range of issues was the best way to address the challenges resulting from rapid and far-reaching economic and technological change and to take into account the trade interests of the membership of WTO as a whole.

16. It was important to ensure that the new round of trade negotiations responded to the particular interests and concerns of developing countries, and that a development agenda was reflected in all areas of negotiation. The developed countries should be open to consider constructively, as a part of a comprehensive package, proposals from developing countries aimed at their fuller integration into the multilateral trading system that would include proposals to make special and differential treatment more operational and to improve market access in areas of interest to developing countries. The European Union was willing to consider the inclusion in the new round of any issues relating to the functioning and implementation of the Uruguay Round Agreements requested by developing countries.

17. The development agenda for the new round should aim at achieving a coordinated approach to trade-related capacity-building and technical assistance, enhancing cooperation and transparency in support of trade liberalization and development between WTO and the Bretton Woods institutions, and securing more efficient complementarity of action by international organizations in support of coherence. That agenda should also result in a decision by WTO members to enter into a commitment to ensure duty-free market access no later than the end of the new round for essentially all products exported by the least developed countries.

18. The new round of negotiations should include new issues in the areas of trade and investment and trade and competition. Negotiations on trade and investment should aim at establishing a multilateral framework of rules governing international investment and focus on foreign direct investment to the exclusion of short-term capital movements. It should ensure the right conditions for international investment to be conducive to sustainable development, while preserving the ability of host countries to regulate the activity of investors on their territories.

19. Negotiations should also begin on a basic framework of binding core principles and rules on domestic competition law and policy and its enforcement. WTO should aim at developing common approaches on anti-competitive practices with a significant impact on international trade and investment, as well as on the promotion of international cooperation. The development dimension should also be at the centre of the considerations of such a multilateral framework by combining possible transitional periods together with technical assistance and flexibility in the rules. Issues relating to trade facilitation and trade and the environment should also figure in the negotiations. The new round should maximize positive synergies between trade liberalization, environmental protection and economic development. In the matter of trade facilitation, it was desirable to simplify, harmonize and automatize procedures, reduce red tape and documentation and increase transparency. Since that would be particularly advantageous for many traders in developing countries, a set of WTO commitments should be developed in that regard.

20. On the issue of trade and core labour rights, cooperation between the secretariats of WTO and the International Labour Organization (ILO) should be enhanced and a joint ILO/WTO standing working forum on trade, globalization and labour issues should be established. The European Union was firmly opposed to any sanction-based approaches and would reject any initiative to use labour rights for protectionist purposes.

21. A WTO work programme on coherence in global economic policy-making should be developed along three axes, namely, a coordinated approach to trade-related capacity-building in developing countries; enhanced cooperation and transparency in support of trade liberalization; and promoting complementarity of action by international organizations in support of policy coherence. The concept of trade-related capacity-building could only be effectively implemented on the basis of coordination between donors and full participation of developing countries. In that regard, the European Commission had set aside 10 million Euros from the seventh European Development Fund to support the integration of African, Caribbean and Pacific States into the multilateral trading system.

22. While the European Union's proposals should bring substantial advantages for developing countries, WTO on its own could not solve all development problems. It must work in cooperation with other organizations, including the World Bank and IMF, other specialized agencies of the United Nations as well as with UNCTAD.

23. Finally, he said that while the European Union agreed with the view expressed in the 1999 UNCTAD *Trade and Development* report that not all countries had benefited as expected from the outcome of the Uruguay Round, it did not agree that trade liberalization in developing countries had had a negative effect on economic growth and development, or had been a cause of the financial crisis. The forthcoming tenth session of UNCTAD would be an important opportunity for the international community to focus on trade and other issues relating to globalization and development.

24. **Mr. Osei-Danquah** (Ghana) said that all countries had reiterated as an article of faith the belief that an open, rule-based, equitable, non-discriminatory, transparent and multilateral system provided a framework for economic and social advancement, yet in fact, the implementation of the Uruguay Round agreements continued to reflect an imbalance within the World Trade Organization. Often, it appeared that the prescriptions for free trade and the market applied only to developing countries, with agriculture just one example of that distorted approach. Implicit in the report of the Secretary-General on international trade and development (A/54/304) was the need for fairness and full and faithful implementation of obligations in order to assure all countries of the benefits of expanded trade.

25. Tariff peaks and tariff escalation in areas of export interest to developing countries, such as agriculture, clothing and textiles and footwear, continued to pose considerable difficulty. The exploitation of loopholes in anti-dumping procedures and the unilateral imposition of health and safety standards targeting developing countries and countries with transition economies had added to the imbalances of the Uruguay Round. There had been progress in some areas, but the majority of developing countries would remain at the margins of the global economy if they were unable to industrialize. The global potential for wealth creation would remain limited as a consequence, as vast parts of the world remained economically underdeveloped.

26. There was a growing understanding of the importance of a level playing field for all countries; accordingly, special and differential treatment must become a cross-cutting issue in all aspects of the negotiations. The question of market access for developing countries required an integrated approach. Supply-side rigidities had prevented many countries, especially in Africa, from taking full advantage of preferential treatment and market access, and their need for technical assistance must be recognized.

27. In connection with the General Agreement on Trade of Services, developing countries which were still developing a regulatory framework for their service sectors should continue to benefit from flexibility in the agreement, including by receiving support in devising regulatory frameworks that responded to their development objectives. The Agreement on Trade-Related Investment Measures (TRIMS) should be reviewed to ensure that it had a development dimension. Developing countries should also be given assistance in taking advantage of the dispute settlement mechanism in WTO and in improving their systems of standards and testing.

28. The impact of the financial crisis provided proof of the link between trade, finance and development, and the need for coherence in global governance of finance and trade could not be overemphasized. Equally, for the bulk of developing countries, revenues from export trade constituted a major component of resources for development. It was time, therefore, to balance the emphasis on financial flows with a proper evaluation of the role of trade in generating financial resources for development.

29. In some developed countries, the ability of leaders to promote free trade was constrained by reactions of fear and resistance from those who stood to lose their jobs from fair competition. It was the responsibility of Governments to ensure that those sectors which benefited the most from liberalization in world trade supported the transformation needs of other sectors in their economies which must necessarily lose. Accepting that principle would create

conditions for a global trading system that was truly equitable, open and transparent.

30. **Mr. Gallagher** (United States of America) said that the world had reached an exciting juncture in trade and development. His Government was committed to ensuring that the forthcoming Seattle round of trade negotiations lifted living standards and promoted opportunity throughout the developing world. Those negotiations must eliminate trade-distorting policies, reduce tariffs, promote transparent procedures and discourage corruption, while maintaining environmental sustainability alongside trade expansion. The United States also supported basic labour standards so that people who worked received the dignity and reward of their work.

31. His Government had long recognized that the global economy could be a force for good, but that the developmental impact of globalization had not been uniform. It strongly believed that increased trade opportunities would stimulate economic growth in developing countries, but that alone would not be enough to ensure that all countries achieved environmentally sustainable development or that the benefits of the global economy would be internally realized. Governments must play their part — through domestic policies to promote competition, encourage foreign direct investment and stimulate the private sector — in creating the necessary conditions.

32. He reiterated his delegation's support of UNCTAD and its efforts to help developing countries to integrate into the multilateral trading system. Given the importance of its analysis of the development implications of trade and foreign direct investment trends, his delegation urged UNCTAD to provide a more complete picture of the overall benefits of trade liberalization as well as a better understanding of the critical policy choices confronting both developed and developing countries. The United States remained fully committed to building on the promises of a partnership for development.

33. In closing, he pointed out that the Senate had just passed legislation to strengthen United States trade relationship with sub-Saharan Africa and the Caribbean. The African Growth and Opportunity Act could encourage economic and political reforms by offering reforming African nations a set of incentives and benefits that would help them grow and enter the world economy. While the Caribbean Basin Initiative was designed to increase trade between the United States and the Caribbean and by strengthening partnerships in the textile and apparel industry.

34. **Mr. Tchoulkov** (Russian Federation) said that his delegation agreed with the report of the Secretary-General that the main problem in international trade continued to be maintaining stable, predictable and non-discriminatory conditions of market access for commodities and services of all countries, including developing countries and economies in transition. Progress in that area had unfortunately been slow, and even after the establishment of WTO, protectionist actions and trade barriers persisted. It was regrettable that anti-dumping measures were being used with increasing frequency by developing countries because they undermined those countries' natural competitive advantages, for example, relatively inexpensive labour and raw materials. Trade restrictions caused significant losses to his country among others each year, and his delegation called on the leading trade powers to show restraint in the use of restrictive measures.

35. Although it supported the broad consensus on countering protectionism and liberalizing trade, the Russian Federation would like to see the liberalization process advance in a balanced way, in the interests of greater stability and the sustainable development of all regions. Greater understanding should be shown of specific national conditions that might influence the pace and depth of liberalization. His delegation attached importance to the universality of the multilateral trading system through accession of new members to WTO, and expected that the forthcoming ministerial conference would give the process new political impetus. It understood that requirements for accession should not go beyond the level of obligations, derived from the GATT/WTO agreements and rules, of current WTO members.

36. Finally, the Russian Federation recognized the very important role of UNCTAD as the principal coordinating body of the United Nations system in the area of trade and development and as a forum for discussion of trade liberalization, capital flows and technology transfer. Its contribution was valuable both on a conceptual and a practical level.

37. **Mr. Escanero** (Mexico), speaking on behalf of the Rio Group, said that two issues were of particular interest to the members of the Rio Group: market access, and the evolution of the multilateral trading system, including a positive agenda for the next round of multilateral trade negotiations. Those two issues were closely related, as improved market access was essential if the multilateral trading system truly was to take into account the interests and needs of developing countries. Removal of tariff peaks and escalation, particularly in the agricultural and industrial sectors, was a

top priority. Abuse of anti-dumping actions must also be eliminated.

38. With respect to the evolution of the multilateral trading system, it was important to the members of the Rio Group to ensure conditions that would enable them to overcome the effects of the financial crisis; that meant avoiding protectionism and raising commodity prices. They were also following closely the completion of the WTO dispute settlement mechanism, and would like to see the establishment of ongoing technical assistance mechanisms for developing countries. They acknowledged the excellent work of UNCTAD in assisting developing countries in those areas.

39. Finally, the efforts at regional integration, based on the principle of open regionalism, in Latin America and the Caribbean had produced significant progress in liberalization in trade and services and had aided the development of trade with other regions, including the European Union, the United States and Canada and the Asia-Pacific region. In the view of the Rio Group, trade and development was the most important item on the Committee's agenda, as it highlighted the essential role of international trade in support of development.

40. **Mr. Aujali** (Libyan Arab Jamahiriya) said that as the accelerating pace of globalization and liberalization posed increasing challenges to the development prospects of developing countries, the salience of UNCTAD's work in support of developing countries became more pronounced. The lesson of the Asian financial crisis was that if the developing countries were not in a position to cope effectively with the challenges of global economic processes, increasing systemic volatility could wreak havoc on their economies. Another lesson was that the failure of the Uruguay Round of trade negotiations to come up with a balanced, fair and equitable outcome had led the developing countries to reject consideration of new issues in the forthcoming trade negotiations. The clear message was that the development partners could no longer afford to function on their own: for the stability and prosperity of their own countries and populations they needed the world economy to function smoothly, and that required effective participation by the developing countries.

41. UNCTAD's support for the developing countries in the multilateral trade negotiations that would follow the third WTO Ministerial Conference, was critical if any future trade negotiations were to have an equitable, balanced and implementable outcome.

42. The need for greater support for the developing countries had to be seen in the context of four important realities: firstly, unless effective measures were taken at national and global levels to regulate, supervise and control financial activities and international capital flows, financial instability would continue to recur with increasing frequency and ferocity, destroying the most fragile economies and vulnerable populations and crippling their efforts to eradicate poverty.

43. Secondly, the serious asymmetries, imbalances and biases against developing countries which had become embedded in the international trading system, had increased the costs for developing countries of greater integration into the global trading system.

44. Thirdly, as the recent financial crisis in Asia had demonstrated, there were close interrelationships between trade and finance, and financial markets. Trade imbalances were also a major cause of financial and currency instability. Integrated treatment of trade and finance was essential for a correct diagnosis of the problem and for the design of consistent national and global policies.

45. Fourthly, for the great majority of developing countries, the goal of effective, speedy and beneficial integration into the world economy would remain a mirage unless their support capabilities, infrastructure and institutional weaknesses were addressed urgently. Overcoming all such weaknesses, specifically transport and supply-side institutional weaknesses, would require emphasis on institution-building and on corrective and interventionist public actions, as well as greater flexibility for developing countries in global arrangements. The WTO ministerial conference in Seattle, UNCTAD X and the Third United Nations Conference on the Least Developed Countries must consider such issues very seriously.

46. In recent years there had been increasing imposition of unilateral coercive measures against developing countries. The United States of America had imposed such sanctions on more than 65 countries. General Assembly resolutions had repeatedly emphasized that such measures were a means of political and economic coercion against developing countries and that they adversely affected the latter's economies and development efforts. The international community should take further measures to stop such policies, which were inconsistent with the core principles and norms of international law and international agreements.

47. **Mr. Jayanama** (Thailand), speaking on behalf of the member countries of the Association of Southeast Asian Nations (ASEAN), said that although the fear of global recession arising from the aftermath of the Asian financial crisis might have faded, vigorous work was still needed in order to restore the faith and confidence of the developing

countries in the multilateral trading system. There was now a dangerous tendency among them to move away from openness and towards a slowing down of trade liberalization. That trend should not be allowed to continue. There was also a need to address the imbalances in the multilateral trading and financial system which created asymmetries and biases against developing countries.

48. ASEAN remained committed to the promotion of economic liberalization that took the development objectives of the developing countries into account. It fully supported the launching of a new round of trade negotiations within WTO. That round should include comprehensive market access negotiations involving industrial tariffs in addition to the already mandated negotiations in services and agriculture. The new round should be balanced, should adopt a sufficiently broadly based agenda and should allow for the negotiations to be concluded within three years as a single package. It should address adequately the concerns of developing countries for effective implementation of the special and differential treatment provisions of the WTO agreements and ongoing support for their capacity-building and technical assistance.

49. ASEAN would also like to see full and faithful implementation of the Uruguay Round agreements. There was a need objectively to address the proliferation of anti-dumping investigations and the use of anti-circumvention measures, as well as to clarify certain provisions of the anti-dumping agreement. ASEAN would like to see a continuation of the liberalization of trade in agricultural products, involving market access, abolition of export subsidies and unjustifiable export prohibitions and/or restrictions and the reduction of domestic support. ASEAN gave its full support to the extension of the current moratorium on duties on electronic commerce transactions. It considered that the accession of new qualified members would enhance WTO's universality.

50. The tenth session of UNCTAD would be an opportunity for the international community comprehensively to address the issues of trade, finance and development in the context of globalization; it could greatly help in forging a consensus on the new development strategies based on growth, stability, mutual benefit and equity. UNCTAD should continue to focus its analytical work on emerging trends to shape policies in the increasingly interrelated areas of trade, investment, technology and finance, as well as providing technical assistance to developing countries to assist them in their preparations for trade negotiations.

51. ASEAN remained committed to its regional trade liberalization effort. Acceleration of the ASEAN Free Trade Area was on track with its goal to eliminate import duties on all products among the six original ASEAN members by 2015 and for new members by 2018. ASEAN member countries had also done their utmost to ensure that the region was open for foreign investment.

52. **Mr. Kolby** (Norway) said that the objective of the third WTO Ministerial Conference and of the tenth session of UNCTAD should be to facilitate the integration of the developing countries, particularly the least developed countries, into the world economy by facilitating market access of their products, providing more resources, further coordination and better targeting of trade-related technical assistance, and paying special attention to their particular needs through special and differential treatment provisions. Such measures would help to secure coherent development of the multilateral trading system. Without them a large part of the WTO membership would find the system less and less relevant to its interests. Norway hoped that the WTO Ministerial Conference would be able fully to endorse the establishment of an independent legal advisory centre on WTO law which would enable the least developed countries and others better to safeguard their trading rights.

53. UNCTAD was in a good position to help in shaping a better understanding of how the globalization process could be reconciled with the aspirations of the developing countries, and it should be given clear guidance by its member countries on where it could provide added value. It was important, however, that UNCTAD did not duplicate the work of other organizations and concentrated on areas where it had comparative advantages, particularly in trade and development, and in the area of investment. Norway would like to see UNCTAD playing a role in promoting South-South trade and regional economic cooperation among developing countries.

54. UNCTAD had made a valuable contribution in the field of trade-related technical assistance and in supporting capacity-building in developing countries so that they were fully prepared to play their part in trade negotiations. Technical assistance was also an integral part of WTO's activities. Norway's proposal that the WTO's technical assistance should be financed through its regular budget rather than by extrabudgetary resources had received broad support and was included in the draft Seattle declaration.

55. At the upcoming UNCTAD session, Norway would be giving particular emphasis to the linkage between national policies and the international economic environment. It considered that there was scope for improving UNCTAD's

existing structures, in particular as regards the interaction between expert meetings, the commissions and the Trade and Development Board.

56. **Mrs. Kumari** (India) said that a significant asymmetry in the nature of trade liberalization between developing and developed countries had become apparent during the 1990s. Developing countries did not question the intrinsic potential of trade as a powerful ingredient of growth, and many were more committed to a rule-based multilateral trading system than were their major developed trading partners, for whom unilateralism was always both an alternative and a temptation.

57. Whatever the shape taken by the forthcoming new round of trade negotiations, if it was to mean anything it had to address the concerns of developing countries in terms of the imbalances and restraints to which their export growth, and thereby development potential, were subject. The Uruguay Round had done little to improve market access for the goods and services that were of substantive interest to developing countries. Abuse of anti-dumping actions and other trade contingency measures also compromised benefits from trade liberalization. WTO rules and regimes had been unbalanced, with a high premium on industrial innovation and patenting but little protection for biodiversity and traditional and indigenous knowledge which constituted the basis for the bio-technological revolution in agriculture and pharmaceuticals.

58. There was a need to construct a viable international technological architecture which rewarded and encouraged innovation and technological advance, although not at the cost of marginalizing the poorest and most vulnerable or enhancing disparities between nations. It was a matter of global concern that the high cost of technology now served to impede further innovation and technological progress, and further research and technological innovation were now hostage to the concerns of a few. Only 2 per cent of health-related research was devoted to pneumonia, diarrhoeal diseases and tuberculosis, although they accounted for 18 per cent of the global diseases burden.

59. A balance had to be struck between the desirability of seeking a common and uniform set of rules, privileges and obligations applicable to all members of the WTO and the inescapable fact that developing country members were at very different stages of development. The concept of special and differential treatment to which earlier rounds of trade negotiations had paid lip service needed to be strengthened and given meaning.

60. The fourth area of concern was that of trade of services, where it was crucial to ensure that the flexibility of the architecture envisaged in the General Agreement on Trade of Services remained intact. It was also crucial to address the restrictions imposed on the movement of natural persons; commitments relating to the mode of supply and of movement of natural persons needed to become sector- and category-specific, and economic needs tests had to be removed or specific criteria scheduled for their use.

61. The trade deficit in 1999 had been paralleled by a protectionist backlash, with so-called Voluntary Export Restraint Agreements. The resurgence of such "managed trade" was and should be an issue of concern. The second worrying trend was the long-term impact of the recent financial crisis. An analysis of the adjustments in current account balances undertaken in its aftermath had suggested that they had been undertaken by the worst possible means — not through a virtuous cycle of export expansion leading to market growth but through a vicious cycle of import repression, generating losses in export values because of the combined inflationary effects of demand contraction, excess supply and currency devaluations. It had highlighted the need to address issues of coherence between the international financial, monetary and trade systems in a comprehensive manner. Another area of concern was the so-called "grandfather protectionism" of using environment and labour conditions to serve the cause of further protectionism.

The meeting rose at 1.15 p.m.